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SUBJECT: FINLAND PROPOSES EIGHTY PERCENT EMISSIONS
REDUCTIONS IN NEW LONG-TERM CLIMATE REPORT

11. SUMMARY On November 20, the Government of Finland (GOF) presented its Long-term Climate and Energy Policy Report to the diplomatic community. The report - adopted unanimously by Parliament in October 2009 - examines four possible paths Finland could take to achieve an 80 percent reduction in emissions by 2050. The pathways take into account factors such as economic growth, transportation needs, energy consumption and use of nuclear power. The different scenarios range from the Eco-Efficiency model in which Finland uses 100 percent renewable energy to the Industrial Society model which relies heavily on nuclear energy. The GOF hopes the report will generate discussion on how Finland should prepare for climate challenges, as well as create the policy conditions necessary to encourage clean technology investments. The GOF plans to formally present the report during the COP-15 negotiations in mid-December. While the report contains lofty goals regarding Finland's efforts to address climate change, GOF officials stressed that the 80 percent reduction could only be realized as part of a wider international effort in which other countries take on similar targets. END SUMMARY.

FINLAND'S LATEST CLIMATE REPORT LOOKS TO 2050

12. On November 20, Minister of Environment Paula Lehtomaki and the Prime Minister's Climate Advisor Oras Tynkkynen presented an overview of the GOF's Long-term Climate and Energy Policy Report ("Foresight Report") to the diplomatic community. The Foresight Report is an addendum to Finland's National Climate Strategy presented to Parliament in November 12008. Whereas the National Climate Strategy provides specific goals Finland must undertake by 2020 to meet the EU-mandated climate targets, the Foresight Report contains no binding obligations or concrete actions. According to Tynkkynen, the purpose of the Foresight Report is to prepare for long-term climate challenges; create the policy conditions necessary to encourage clean technology investments; and position Finland as a forerunner in tackling climate change issues.

MODELS COMPARE ENERGY CONSUMPTION, PRODUCTION OPTIONS

13. The Report details four pathways Finland could take to reach its 80 percent reduction goal. Each path takes into account factors such as economic growth, transportation needs, use of renewable energies, energy consumption and nuclear use. In the Eco-Efficiency model, emission reductions will be achieved by restructuring Finland's economy to focus on service-based, internet-connected industries. Communities would cluster around these 'clean' industries, reducing commuting needs. The focus on a service economy would also reduce the need for goods transportation. In this scenario, Finland would cut its energy consumption by half and use 100 percent renewable energy. Economic growth would slow at first due to initial investments in clean technology, but would then increase, averaging 1.7 percent by

12050.

14. At the other end of the spectrum is the Industrial Society model. In this scenario, Finland would not drastically alter its economic make-up which currently relies both on service-based, but also some traditional industries (such as paper making). In this model, Finland would achieve its emission goals by markedly increasing its use of nuclear power to two-fifths of its total energy profile (it is currently less than one-fifth, or 18 percent). (Note: The GOF is debating plans for future nuclear reactor construction, although the current Prime Minister Matti Vanhanen recently expressed doubt at an IAEA World Energy Outlook seminar that Finland would approve all three of its pending reactor applications.) Renewable energy would account for three-fifths of Finland's energy supply, and energy consumption would remain steady. The average economic growth forecasted for this model is 1.8 percent.

15. In the middle of the spectrum lie the Local Services and Self-Sufficiency models. The Local Services model focuses Finland's economy even more strongly on a service-based industry. Only two-thirds of Finland's energy would come from renewable sources with the remaining one-third supplied by nuclear power. Energy consumption would decrease by 25 percent and the average economic growth would be 1.8 percent. In the Self-Sufficiency model, Finland would only lightly reorient its economy towards more service-based industries. The country would focus instead on increasing its share of local renewable energy to four-fifths of total energy supply with the remaining one-fifth supplied by nuclear power. In this model, energy consumption would drop by 33 percent, transportation needs would remain steady, with an average

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economic growth of 1.2 percent.

FINNISH PUBLIC PREFERS SELF-SUFFICIENCY MODEL

16. Tynkkynen stressed that the four scenarios were for illustrative purposes only. The GOF does not intend to adopt any single pathway as future policy. Instead, the GOF hopes the report will encourage dialogue and eventually action among stakeholders. The GOF has already held a number of community Future Forums which presented the report to local communities. Many of these communities were consulted during the report's initial compilation, and provided feedback via 1300 internet responses. According to the report, most Finns view the Eco-Efficiency model as the ideal model, but unrealistic. The Self-Sufficiency model is the favorite pathway, although some still doubt its applicability.

DESPITE COSTS, FINLAND SEES OPPORTUNITIES

17. One challenge not discussed in the report was the cost in moving to a low-emissions society. Tynkkynen acknowledged that it was difficult to estimate costs, but that doing nothing about Finland's emissions would be far more expensive. He added that the report should be viewed as an opportunity. Tougher emission targets would support clean technology companies, leading to new jobs and export possibilities. Finland could essentially become a laboratory for low-emission living via innovative clean technology.

18. Despite the report's lofty goals, Finland's approach to climate change remains quite pragmatic. Both Lehtomaki and Tynkkynen stressed that any shift to a low-carbon society would not happen at the expense of Finland's well-being and competitiveness. They added that Finland's 80 percent emission reduction would only be realized as part of a wider international effort in which other countries take on similar targets.

19. COMMENT The GOF plans to formally present their Long-term

Climate and Energy Report during the COP-15 negotiations in mid-December. If there is no agreement in Copenhagen (or shortly thereafter), Finland will not set aside its 2050 goals altogether. Although the Parliamentary debate on the Foresight Report revealed differences of opinion, it also demonstrated a strong consensus across party lines that Finland must do something to reduce its heavy carbon footprint. END COMMENT.
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